

The MDHE Default Prevention Grant Program

The Default Prevention Grant was originally offered to schools that were identified as having a cohort default rate of 10% or greater for FFYs 1997, 1998, or 1999. It was then extended to schools with \$50,000 or more in default claims paid in FFYs 2005 or 2006. Currently, 26 schools participate in the program. The purpose of the grant is to help student borrowers become financially literate, establish smart repayment habits, and avoid default by providing funds to implement activities such as debt management programs, retention activities, and financial literacy workshops.

Here are some great ideas generated and implemented by Missouri's own postsecondary institutions.

Avila University

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- **Default prevention trivia contest** – Monthly questions are posed with a focus on default prevention, and students are given information on the question after they answer it. Winners of the gas gift cards are notified in the weekly newsletter.
- **Borrower call campaigns** – December, May, and summer graduates are contacted at the mid point and end of their grace period.

Baptist Bible College

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- **Financial literacy seminars** – Budgeting, responsible borrowing, and debt management seminars are held on campus. As an incentive for attendance, BBC distributes large canvas laundry bags with the saying, "What can wash away my debt? Nothing but repayment" Additionally, MDHE staff provide guest speaking services.
- **Tutors** – As part of an academic success program, BBC recently made academic tutors available during non-business hours in the school's dormitories.

Crowder College

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- **New student orientation** – An increased amount of default prevention information is now given in the Financial Aid component of COLL 101 (Orientation) sections.
- **Measuring success** – The Academic Resource Center is tracking and establishing greater links between retention activities and the impact on student financial aid.
- **Referral system for at-risk students** – The faculty/staff referral system has been effective in helping identify those students "at risk". There has been an increase in referrals, which means that instructors are really trying to monitor student performance and attendance.
- **Contacting withdrawn students** – Students that completely withdraw (total drop) are monitored with monthly reports. These students receive phone calls and postcards encouraging them to re-enroll. Those with financial issues are directed to the Financial Aid office to seek expert advice about possible options.

East Central College

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- **Loan counseling** – Entrance counseling is required for both first time and returning borrowers. Many topics are covered in that meeting from interest rates to deferments. When a student applies for graduation, a letter is mailed inviting them to a group Exit Counseling session.
- **Delinquency letters** – Letters are mailed to students who are delinquent on their student loans. The size, color, and wording of the letter are determined by how many days late they are.
- **Tutoring** – Grant money is used to hire tutors in the core areas of study to help students succeed in their classes .

Forest Institute of Professional Psychology

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- **Annual "fashion show"** – This event was designed to educate students about default prevention, while emphasizing strategies for living on a budget. Students are provided with a modest \$25 to purchase conservative outfits appropriate for interviews or conducting therapy and counseling sessions. The student models showcase their purchases while an emcee describes the particulars about the outfits and the costs involved. Always a well-attended event, student spectators also participate in contests revolving around financial literacy, debt

reduction, and default prevention and receive door prizes (with a financial literacy message) for correct answers.

Franklin Technology Center

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Default prevention initiatives include:

- Talking to potential students about financial responsibility and providing money management tips
- Assisting students in finding scholarships and grants to keep loan amounts at a minimum
- Contacting students who are delinquent on making loan payments, reminding them of repayment options and their responsibilities
- Working with potential employers to ensure our training programs meet their requirements for future employees
- Seeking out contacts for internships and job placements

Harris-Stowe State University

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- **Default prevention seminars** – “Default Prevention Day” tables were set up at various locations around campus to discuss student loan requirements, career and employment outlook, job salaries, and repayment options. The goal was to increase borrower responsibility and awareness.
- **Former students** – Delinquent borrowers are contacted to discuss student loan repayment and possible re-enrollment. Forbearance is only discussed as a final option and a temporary solution that will increase loan debt for the student due to accruing interest.
- **Networking** – Contact with other professionals in the field is encouraged. Networking allows staff to learn what other educational organizations, colleges, and universities are finding successful and provides opportunity to foster valuable relationships.

Jefferson College

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- **Financial literacy** – The financial aid office hosts financial literacy workshops on campus. The audiences include residents of the campus apartments, students who are either in pre-nursing courses or accepted into the nursing program, and students enrolled in Guidance courses. The subject matter of the presentations includes general financial aid information, building a positive credit rating, hazards of credit card debt, avoiding identity theft, and responsible loan borrowing and repayment.
- **Student retention** – The Advising and Retention Center (ARC) provides academic advising to 1,000 new students each year, assists at-risk students who are either on academic probation or suspension, hosts outreach programs to encourage involvement on campus, provides a “hot line” service where faculty and staff can refer students who are of concern, and facilitates workshops on academic success topics. In the short time that the center has been open, the College has experienced a notable increase in retention.

Lincoln University

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- **Programming** – Various programs covering banking, credit cards, personal credit, and other consumer awareness issues are held on campus. In addition to these programs, there is an annual “Loan Checkup” for students to keep them informed of the amount of money that they have borrowed through student loans.

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- **Student Success Program** – Students coming in with less than a 2.0 GPA from high school are given one full year to achieve a 2.0 GPA at the university. This benefits the student by giving them a year to adjust to college and allows the staff to build better relationships with the students involved in the program.

- **Midterm intervention** – “Getting Back on Track” was designed to contact first-year students who, at midterm, received deficient grades in one or more courses. Group and one-on-one meetings are set up to assess each student’s situation. Representatives from Student Success, Default Management, Financial Aid, Counseling & Career Services, Student Support Services, Student Accounts, the Center for Advisement, the Success Connection, and the Center for Academic Enrichment are all involved in the group meetings where information is offered and explained to the students - helping them to make informed decisions regarding their academic success.

Linn State Technical College

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- **“Knowledge is the best prevention”** – Each fall semester the Default Prevention Specialist hosts the “Question of the Week” game. Each week a different question regarding student loans or general financial literacy is posted in the bulletin and on the bulletin board in the Student Services hallway. Each student that correctly answers the question receives a default prevention prize and a participation point for their major. At the end of the semester the major that has the most participation points wins a pizza party. This gets the students familiar with common terms, money management tips, and most importantly a relationship with the Default Prevention Specialist that can be carried through repayment.
- **Orientation** – All freshmen are required to attend a one day orientation session. All aspects of the college are covered and money management information is included. Students are given examples of life choices they could face and how these choices can lead to financial trouble. A “Money Management” brochure is also included in each student’s packet of information so they have it for future reference.
- **Counseling** – Students are given a customized packet of information which includes repayment and counseling materials with their lender and loan information, an auto debit form, a calendar with their repayment date marked and the lender and loan information in the front cover, and a laminated contact card with the financial aid office information.
- **Letters** – Students receive colorful, hand-addressed letters when they are approaching the end of a deferment or forbearance, or are delinquent on repayment.

Metropolitan Community College

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- **Data analysis** – MCC has identified common characteristics among its defaulters in order to recreate a “defaulted borrower’s experience” and offer intensive default prevention services to current borrowers who share these characteristics.
- **Educating faculty/staff** – Presentations are now offered to MCC employees to share with them borrowing issues and default prevention activities. MCC also plans to begin utilizing student newspapers, employee newsletters, email, the web and bulletin boards to communicate default prevention resources, services and events.
- **Standardizing financial aid processes** – MCC is reviewing and standardizing the loan process, borrower communications/materials and updating our institutional loan policies across all campus locations.

Mineral Area College

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- **Financial literacy workshops** – In response to student survey input, more in depth information about consumer credit, saving/investing and budgeting information will be included in the workshops. Financial Literacy information is also offered in conjunction with the Principles of College Success class. Information provided includes checking and savings account information, budgeting, consumer credit information, identity theft information, the importance of saving and responsible borrowing habits.
- **Student peer leaders** – Upper level students meet with new students during the orientation program to answer questions and provide their perspective of the college experience. The peer leaders also make themselves available to these students throughout their college career.

Missouri Southern State University

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- **Student contact** – One-on-one exit counseling is provided to all students who are withdrawing or transferring to another school. Additionally, second and third year students are encouraged to schedule an individual loan review and receive a free soda coupon for attending.
- **Delinquent borrower contact** – A database is constantly updated to track all phone, letter, e-mail, and personal contacts with delinquent borrowers. This ensures not only that all delinquent borrowers are contacted, but also that the most up-to-date borrower contact information is recorded and shared with all university offices.

Missouri State University – West Plains

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- **Delinquency contact** – The financial aid office uses a customized Access database to track all contact with delinquent borrowers. Monthly delinquency reports are uploaded into the database so that all borrowers receive letter or phone contact in every month they are delinquent. Reports are generated from the database and help determine the best strategy for reaching delinquent borrowers.
- **At-risk borrowers** – Student advisement personnel meet with identified at-risk students throughout the semester and at mid-term. During this contact, students receive a free backpack filled with school supplies and informative brochures. The brochures cover topics ranging from time management to tests-taking skills.

Missouri Western State University

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Assistance from “first-time borrower” to “paid in full”:

- “Keep on Track - Debt Management Tools” notebook given to all first time borrowers
- One-on-one counseling
- Get to know your borrowers
- Work with other departments on student retention
- Always try to be accessible (questions, preparing FAFSA, etc.)

- Notify student borrowers (withdrawn, dropped to less than half-time, suspended or graduating)
- Letters to borrowers 30 days before they enter repayment and during delinquency
- Phone calls to borrowers during delinquency
- Continually looking for new and better ways to assist student borrowers

Moberly Area Community College

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- **Financial literacy** – Workshops for students and parents cover issues such as making and keeping a budget while in college, conservative borrowing, and credit card use. Postcards attached to loan refund checks encourage students to consider returning all or part of the refund to the lender to reduce total loan debt.
- **Student resource guide** – A booklet that provides information about public assistance and community resources is available to all students; it is also available on the school's Web site. These resources can provide the assistance needed for a struggling student to remain enrolled and graduate in a timely manner.

North Central Missouri College

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The importance of personal contact:

- One-on-one entrance counseling
- Budgeting for future repayment and the power of saving \$1 a day
- Benefits of paying a little extra each month to pay off a loan early
- "Advice by the Slice" pizza lunch for exit counseling
- Reminders about deferment for students transferring to another college
- A known contact at NCMC if borrowers need help after graduating
- Financial literacy presentations at area high schools to prepare students for college

Ozarks Technical Community College

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- **Conservative approach to financial aid packaging** – The financial aid department does not immediately package a student loan with other awarded financial aid. Students are given information in their award packets regarding the student loan application process. Thus, each student wishing to borrow money must initiate that action independently.
- **Enhanced loan counseling** – All first-time borrowers are required to participate in an upfront student loan default prevention small group session. Presentations are provided on an established schedule at the main campus and satellite education centers. Upfront education is a more powerful tool than last ditch efforts after a student has become delinquent. Therefore, the aim is to educate students more thoroughly and provide them the opportunity to ask questions before they actually commit to the responsibility of a student loan.

Park University

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- **Online chat** – A weekly online chat room is facilitated by personnel from the office of Student Financial Services, targeting students who may not be able to access the office during regular business hours, but available to all students. Although there are designated topics for each week, students may log on to ask other general questions relating to financial aid.
- **Financial literacy seminars** – Budgeting, responsible borrowing, and debt management seminars are held on campus and are also available via live video webcast and archived for students to access at a later time.
- **Financial Literacy Awareness Day** – This campus-wide event utilizes the resources of various campus departments and outside partners to provide booths with information on credit counseling, scholarship searches, career development, general financial aid matters, and the office of Student Financial Services.
- **Newsletters** – Quarterly newsletters provide over 6,000 students with materials on loan repayment, finding employment, budgeting, credit cards, applying for financial aid, and general information about developments in the student loan process.
- **Additional initiatives** – Additional measures include partnering with faculty to orientate new students on financial literacy, expanding distribution of the newsletter to faculty and staff, sending reminders to graduates entering their grace period, identifying and focusing on withdrawn borrowers, and adding e-tutorials to the Web site.

Ranken Technical College

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Most recent additions to the default prevention plan:

- Postcard reminders are sent to graduates and withdraws to remind them when their student loans are about to enter repayment.
- During entrance counseling, students are informed of the amount of money they can expect to borrow for their specific program and a plan is developed to not exceed that amount during their program.

Saint Louis College of Health Careers

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Retention Committee Activities:

- New student orientation
- Community resource guide
- Student bus passes at a discounted rate
- Pinning ceremonies
- Family night
- Food pantry
- Blood drives
- "Hooked on Health" expo
- Ice cream social

Scholarships and Institutional Work-Study:

- Merit based scholarships for incoming students
- Merit/Community Service scholarships for current students
- Institutional Work-Study position in the financial aid office

Southeast Missouri State University

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Campus-wide personal financial literacy campaign:

- Presentations by Jean Chatzky and Lynette Kahlfani-Cox (the “Money Coach”)
- Prizes awarded to help students pay off debt
- Personal financial literacy interface on the University portal
- Information on current loan indebtedness sent to the student’s personal portal
- Financial literacy group with representatives from financial aid, admissions, campus life, student development, Career Linkages, residence life, First Year Experience, and enrollment management

State Fair Community College

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Key components of the Default Prevention and Management Plan:

- Financial literacy training for all borrowers
- Communication across campus and extended campus sites
- Timely and accurate enrollment reporting
- Analysis of defaulted loan data to identify defaulter characteristics

- These activities promote student and school success by focusing on increasing retention and reducing delinquency and default. Our primary objectives for this program are to reduce student borrower defaults through early education and ultimately retain the student through their educational goals.

Three Rivers Community College

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- **Delinquent borrower contact** – Monthly letters are sent to delinquent borrowers, and those who are between 40 and 60 days delinquent receive a phone call. Each month a different letter or flyer is sent to the borrowers so that they take time to look at the material and literature.

- **Smart spending and budgeting seminar** – \$50 worth of groceries were purchased and students guessed the price of each item. Whoever was closest to the actual price received that item. During the seminar, students also filled out a budgeting worksheet and examined how they were spending their money.

University of Missouri-Columbia

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“Recruit-Back” program:

- Based on the assumption that students who earn degrees are more likely to repay their student loans than are those who don’t graduate, students who were relatively close to graduating and had acceptable GPA’s but weren’t currently enrolled were targeted for re-enrollment.
- A small working group representing the Cashier’s Office, Financial Aid, Enrollment Management and Academic Advising developed a plan to identify and contact former students and determine what kind of assistance to offer them.
- After students indicated an interest in completing their degrees, the Cashiers Office identified their status with regard to financial holds and loan status, the advisors determined remaining degree requirements, and students were contacted with specific information about their responsibilities.